

Testimony of Tony Sheridan
President, Chamber of Commerce of Eastern Connecticut

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Good Afternoon:

My name is Tony Sheridan. I am the President of the Chamber of Commerce of Eastern Connecticut. The Chamber of Commerce has a membership over 1,600 companies with a foot print in the 40 town region in eastern Connecticut. Although, I represent Senator Williams on CEAB, I am not here to speak for the senator or CEAB.

Our mission at the Chamber is to promote and support the business community of eastern Connecticut "create and maintain a positive business climate that meets the needs of our members by supporting economic development and growth in the region.

I am here specifically to strongly encourage you to oppose Raised Bill# 5505 "An Act Concerning Electric Rate Relief"

Connecticut is an expensive state to conduct business in. Most reasonable people recognize that there are factors, many of which are beyond our control, that drives the cost of conducting business in our state. Factors such as energy costs, transportation costs and a desired quality of life, all contribute to the cost of conducting business here.

A study by the Connecticut Comprehensive Economic Resource Center (CERC) raises serious concerns for our State's potential for economic development and for our ability to compete in the national and local economy. The study indicates that there have been no net job gains in the State in the past 15 years and that approximately 1,300 companies have left the state in the same time period. A critical review of the study leaves little doubt that Connecticut needs to do what it possibly can to support the growth and development of businesses in the state.

I appreciate efforts by the legislature to look for ways to minimize the cost of conducting business here. However, establishing a new bureaucratic department along with an excess profit tax on generators with the hope of returning funds to the ratepayer is counter productive. Most important of all, such efforts telegraphs to the business community that the state of Connecticut may impose an additional tax on you if it looks like you are doing well. This is absolutely the wrong message to be sending to power generators as well as the business community, especially during these difficult times. Past history and common sense dictates that the message intended or not by raised Bill 5505 is one that is inconsistent with the fundamental principle of competition. In addition, and most importantly, it will have a negative effect on efforts to attract new generators in the future.

I recognize that the Legislature and DPUC is looking for ways to increase generation in the state. The potential for making a healthy profit will be a necessary component of this effort if it is to be successful. Alternatively, taxing excess profits will seriously undermine this effort. It will discourage other generators from considering Connecticut as a place to invest in and will essentially guarantee failure.

If this legislation is enacted it will project an unintended but unfortunate message to future investors that, if you take a risk by investing in industry in Connecticut the state will punish you by taxing your profits.

Surely this is not the message we want to send to the investment community or to the rest of the country. A tax on profits will discourage the necessary investment to improve productivity; it mocks the concept of free enterprise and discourages future investments by existing industry

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for fear of losing all or a portion of the profits to the state. Last but not least, it runs the risk of discouraging new companies who may wish to come to the state.

As President of the Chamber of Commerce of Eastern Connecticut, I ask that you oppose Raised Bill 5505.

Thank you for your time and attention.